AMBARI BRANDS INC.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

Crowe

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Independent Auditor's Report

To the Shareholders of Ambari Brands Inc.

Opinion

We have audited the consolidated financial statements of Ambari Brands Inc. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2022. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Slow Moving Inventory

The valuation of inventory is at the lower of cost or net realizable value. Amongst other factors, inventory is not realizable if it is not expected to be used or sold before expiry of the product. At year-end, management completed an analysis of its inventory movement and has recognized an impairment on certain raw materials.

Why the Matter is a Key Audit Matter
The valuation of the Group’s inventory was significant to our audit due to the magnitude of its balance, the significant judgment and estimation uncertainty in determining future sales demand, and the resulting significant auditor effort and judgment in evaluating this matter.

How the Key Audit Matter was Addressed in the Audit
In responding to the key audit matter, we performed the following audit procedures:

- Reviewed the expiration dates of inventory.

- Obtained distribution contracts entered into by the Group subsequent to the year-end.

- Evaluated management's assumptions surrounding the quantity of forecasted sales by reference to historical sales, and trends and sales from new distribution agreements.

- Evaluated management's judgment regarding the obsolescence and slow moving nature of inventory items.

- Reviewed the calculation of the impairment charge on inventory which were determined to be slow-moving.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Hilda Leung.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 19, 2023

AMBARI BRANDS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		As at December 31, 2022		As at December 31, 2021
ASSETS				
Current assets				
Cash	**$**	**247,301**	$	1,687,620
Amounts receivable (Note 5)		**22,922**		21,083
Loan receivable (Note 12)		**-**		403,841
Prepaid expenses and deposits (Note 6)		**86,039**		63,904
Inventory (Note 7)		**724,351**		652,356
Total assets	**$**	**1,080,613**	$	2,828,804
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Notes 8 and 12)	**$**	**234,127**	$	173,860
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		**6,462,334**		3,090,622
Commitment to issue shares (Note 9)		**-**		3,910,184
Accumulated other comprehensive income (loss)		**2,261**		(45,160)
Reserves (Note 9)		**209,413**		209,413
Deficit		**(5,827,522)**		(4,510,115)
Total shareholders' equity		**846,486**		2,654,944
Total liabilities and shareholders' equity	**$**	**1,080,613**	$	2,828,804

Nature and continuance of operations – Note 1
Subsequent events – Note 16

APPROVED ON BEHALF OF THE BOARD:

"Avneesh Dhaliwal" Director ***"Gurcharn Deol"*** Director

The accompanying notes are an integral part of these consolidated financial statements.

AMBARI BRANDS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended December 31, 2022		Year ended December 31, 2021
Revenue (Note 10)	**$**	**203,643**	$	146,351
Cost of sales (Note 7)		**160,266**		63,668
Gross profit		**43,377**		82,683
Expenses				
Advertising and promotion		**629,792**		3,285,585
Consulting fees (Note 12)		**157,075**		179,585
General and administrative (Note 11)		**203,347**		70,151
Professional fees		**314,542**		198,564
Research and development		**5,380**		26,032
Salaries and benefits (Note 12)		**33,469**		-
Total expenses		**(1,343,605)**		(3,759,917)
Other Items				
Foreign exchange loss		**(3,789)**		(1,733)
Interest income (Note 12)		**15,602**		17,049
Loss on settlement of loan receivable (Note 12)		**(28,992)**		-
Net loss for the year		**(1,317,407)**		(3,661,918)
Exchange difference on translating foreign operations		**47,421**		(20,570)
Comprehensive loss for the year	**$**	**(1,269,986)**	$	(3,682,488)
Loss per common share – basic and diluted	**$**	**(0.03)**	$	(0.08)
Weighted average number of common shares outstanding – basic and diluted		**44,893,717**		46,966,372

The accompanying notes are an integral part of these consolidated financial statements.

AMBARI BRANDS INC.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Commitment to Issue Shares	Accumulated Other Comprehensive Income (Loss)	Reserves	Deficit	Total
Balance, December 31, 2020	**50,473,221**	**$ 3,090,622**	**$ -**	**$ (24,590)**	**$ 17,434**	**$ (848,197)**	**$ 2,235,269**
Share cancellations (Note 9)	(10,000,000)	-	-	-	-	-	-
Private placement of special warrants (Note 9)	-	-	4,587,850	-	-	-	4,587,850
Share issue costs (Note 9)	-	-	(677,666)	-	191,979	-	(485,687)
Translation adjustment	-	-	-	(20,570)	-	-	(20,570)
Loss for the year	-	-	-	-	-	(3,661,918)	(3,661,918)
Balance, December 31, 2021	**40,473,221**	**3,090,622**	**3,910,184**	**(45,160)**	**209,413**	**(4,510,115)**	**2,654,944**
Share repurchase and cancellation (Note 9)	(500,000)	(150,000)	-	-	-	-	(150,000)
Conversion of special warrants (Note 9)	11,093,154	3,910,184	(3,910,184)	-	-	-	-
Settlement of loan receivable (Notes 9 and 12)	(971,180)	(388,472)	-	-	-	-	(388,472)
Translation adjustment	-	-	-	47,421	-	-	47,421
Loss for the year	-	-	-	-	-	(1,317,407)	(1,317,407)
Balance, December 31, 2022	**50,095,195**	**$ 6,462,334**	**$ -**	**$ 2,261**	**$ 209,413**	**$ (5,827,522)**	**$ 846,486**

The accompanying notes are an integral part of these consolidated financial statements.

AMBARI BRANDS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		Year ended December 31, 2022		Year ended December 31, 2021
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net loss for the year	**$**	**(1,317,407)**	$	(3,661,918)
Items not affecting cash:				
Accrued interest income		**(13,623)**		(15,369)
Foreign exchange loss		**-**		1,733
Loss on settlement of loan receivable		**28,992**		-
Changes in non-cash working capital items:				
Amounts receivable		**(1,839)**		(16,760)
Prepaid expenses and deposits		**(22,135)**		(1,186)
Inventory		**(71,995)**		(329,178)
Accounts payable and accrued liabilities		**60,267**		87,950
Net cash used in operating activities		**(1,337,740)**		(3,934,728)
INVESTING ACTIVITY				
Loan receivable		**-**		(388,472)
FINANCING ACTIVITIES				
Issuance of special warrants		**-**		4,587,850
Repurchase of common shares		**(150,000)**		-
Share issue costs		**-**		(485,687)
Net cash provided by (used in) financing activities		**(150,000)**		4,102,163
Foreign exchange on cash		**47,421**		(22,303)
Change in cash for the year		**(1,440,319)**		(243,340)
Cash, beginning of the year		**1,687,620**		1,930,960
Cash, end of the year	**$**	**247,301**	$	1,687,620
Cash paid for interest during the year	**$**	**-**	$	-
Cash paid for income taxes during the year	**$**	**-**	$	-

Non-cash transactions affecting cash flows from investing and financing activities:

		Year ended December 31, 2022		Year ended December 31, 2021
Fair value of agent compensation options	**$**	**-**	**$**	191,979
Loan receivable settled in exchange for shares cancelled	**$**	**388,472**	**$**	-
Conversion of special warrants	**$**	**3,910,184**	**$**	**-**

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature and continuance of operations

Ambari Brands Inc. (the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) on June 20, 2019. The Company is a luxury skincare and consumer packaged goods company and has developed a product line on its proprietary "Modern Blend". The Company's common shares trade on the Canadian Securities Exchange (the "CSE") under the trading symbol "AMB", the OTCQB Venture Market under the symbol "AMBBF" and the Frankfurt Stock Exchange under the symbol "Y92". The Company's head office and registered and records office address is 6th Floor – 905 West Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2022, the Company had negative cash flows from operations of $1,337,740 (December 31, 2021 - $3,934,728), a net loss of $1,317,407 (December 31, 2021 - $3,661,918), and as at that date an accumulated deficit of $5,827,522 (December 31, 2021 - $4,510,115). As at December 31, 2022, the Company had working capital of $846,486 (December 31, 2021 - $2,654,944). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise adequate financing from external sources and generate profits and positive cash flows from operations in order to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favourable terms. Subsequent to the year ended December 31, 2022, the Company completed financing and raised gross proceeds of $500,000 for general working capital purposes (Note 16). These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's consolidated financial statements. Such adjustments could be material.

Since March 2020, there has been a global pandemic due to the outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time. COVID-19 may impact the Company's ability to raise future financing.

The Company's business, financial condition, and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and the cosmetics industry and other industries in general could negatively affect the business and may make it more difficult to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position, and cash flows in the future.

2 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, they have been prepared using the accrual basis of accounting, except for the cash flow information.

The consolidated financial statements were approved and authorized for issuance on April 19, 2023 by the Board of Directors.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ambari Beauty USA, Inc ("Ambari USA"). All inter-company balances, transactions, income, and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar ("CAD"). The functional currency of Ambari USA is the Unites States dollar ("USD").

The presentation currency of the Company and Ambari USA is the Canadian dollar.

Accordingly, the accounts of Ambari USA are translated into CAD as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- income and expense are translated at the average exchange rate over the reporting period; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income (loss).

2 Basis of preparation *(continued)*

Foreign currencies *(continued)*

Transactions occurring in currencies other than the functional currency of the entity in question are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss.

Use of accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These consolidated financial statements have been prepared using the judgments, estimates and assumptions summarized below.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

Inventory

Inventory consists of raw materials, work in progress, shipping materials and finished goods recorded at the lower of cost and net realizable value. Inventory represents a significant portion of the asset base of the Company and its value is reviewed at each reporting period. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, expiry, damage or slow moving. The assessment of whether inventory is slow moving is subject to management's estimates of future sales forecasts and expected shelf lives of inventory. Actual net realizable value can vary from the estimated provision.

3 Significant accounting policies

The accounting policies set out below have been applied consistently in the consolidated financial statements.

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost of inventory is calculated using the first-in-first-out method and comprises all costs of purchase necessary to bring the goods to sale. Net realizable value represents the estimated selling price for products sold in the ordinary course of business less the estimated costs necessary to make the sale. Management uses the most reliable evidence available in determining the net realizable value of inventories. Actual selling prices may differ from estimates, based on market conditions at the time of sale. Allowances are made against obsolete or damaged inventory and charged to direct cost. The reversal of any write-down of inventory arising from increase in the net realizable value is recognized as a reduction of direct cost in the period in which the reversal occurred.

Financial instruments

Financial assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as other income in profit and loss in the period which it arises.

3 Significant accounting policies *(continued)*

Financial instruments *(continued)*

The Company's cash, trade receivables, and loan receivable are measured at amortized cost.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company determines expected credit losses based on historical credit losses, which are used to calculate run rates of default. The historical results are adjusted for forward-looking estimates. Trade and other receivables are written off when there is no reasonable expectation of recovering the asset or a portion thereof.

Losses are recognized in profit and loss and are reflected in an allowance account against the amount receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not designated at FVTPL are initially measured at fair value plus or minus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Accounts payable and accrued liabilities are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3 Significant accounting policies *(continued)*

Income taxes *(continued)*

Deferred income tax is provided on all temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each consolidated statement of financial position date and recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

3 Significant accounting policies *(continued)*

Revenue recognition

Revenue is recognized at the point in which the performance obligation under the terms of a contract with the customer have been satisfied and control has transferred. The Company's performance obligation is typically defined as the accepted purchase order with the customer which requires the Company to deliver the requested products at agreed upon prices at the location of the customer's choice. The Company satisfies its performance obligation and transfers control to the customer upon customer receipt of the product. Billings rendered in advance of performance under contracts are recorded as deferred revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The time between invoicing and when payment is due is not significant. None of the Company's customer contracts contain a significant financing component.

The Company routinely offers sales discounts and promotions through various programs to its customers and consumers. These programs include discounts, free samples to open new customer accounts or expand products sold to existing accounts, products as contest prizes on social media and other trade activities.

Share capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, special warrants and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds. In the event that the financing is not completed, these costs are expensed to profit or loss.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The fair value of the common shares issued is first measured, based on the bid price on the date the units are priced, and then the residual value of the proceeds is allocated to the warrants (if any).

Share-based payments

The Company issues warrants to purchase common shares of the Company to agents in connection with financings. In situations where equity instruments are issued to non-employees and some or all of the goods or services received as consideration cannot be specifically identified, the equity instruments are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The fair value of compensatory warrants is measured and recognized on the grant date using the Black-Scholes option pricing model. Share-based payments are initially recorded to reserves. Subsequently, the amount together with the consideration received for the shares on the exercise of share-based payments are credited to share capital.

Expected volatility is determined based on factors of the expected market price of the Company's common shares.

3 Significant accounting policies *(continued)*

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or cash-generating unit ("CGU") may be impaired. If any indication of impairment exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset or CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses in respect of continuing operations are recognized in profit or loss in those expense categories consistent with the function and nature of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously-recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the non-financial asset's or CGU's recoverable amount.

A previously-recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized. Any such reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in profit or loss.

Cash

Cash on the consolidated statements of financial position consists of cash balances held with financial institutions, which are subject to insignificant risk or changes in value.

Standards Issued But Not Yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

4 Basis of fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars)

4 Basis of fair value *(continued)*

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The Company's financial instruments consist of cash, trade receivables, loan receivable, and accounts payable and accrued liabilities. The Company has no financial instruments carried at fair value.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

There were no transfers between the levels of the fair value hierarchy during the year ended December 31, 2022 or 2021.

5 Amounts receivable

		As at December 31, 2022		As at December 31, 2021
Trade receivables	**$**	**2,646**	$	4,497
Sales tax receivable		**20,276**		16,586
	$	**22,922**	$	21,083

6 Prepaid expenses and deposits

		As at December 31, 2022		As at December 31, 2021
Retainers and prepayments for services	**$**	**48,277**	$	-
Deposits on inventory		**10,835**		63,904
Prepaid insurance		**26,927**		-
	$	**86,039**	$	63,904

(Expressed in Canadian Dollars)

7 Inventory

		As at December 31, 2022		As at December 31, 2021
Finished goods	**$**	**439,925**	$	291,690
Raw materials		**148,230**		174,357
Work in progress		**60,827**		-
Shipping materials		**75,369**		83,425
In transit		**-**		102,884
	$	**724,351**	$	652,356

During the year ended December 31, 2022, cost of sales include $48,041 (December 31, 2021 - $38,278) of inventory and $84,707 (December 31, 2021 - $4,342) of impairment losses related to inventory which was damaged, disposed and/or close to expiry. The remaining costs of sales comprise of fulfilment costs.

8 Accounts payable and accrued liabilities

		As at December 31, 2022		As at December 31, 2021
Trade payables	**$**	**170,439**	$	99,977
Accrued and other liabilities		**63,688**		73,883
	$	**234,127**	$	173,860

9 Share capital

Authorized

Unlimited common shares, without par value.

Common Shares Held in Escrow

As at December 31, 2022, 10,192,500 common shares (December 31, 2021 – nil common shares) were held in escrow and restricted from trading. These common shares will be released from escrow as follows: 1,698,750 common shares released on January 25, 2023, 1,698,750 common shares released on July 25, 2023, 1,698,750 common shares released on January 25, 2024, 1,698,750 common shares released on July 25, 2024, 1,698,750 common shares released on January 25, 2025, and 1,698,750 common shares released on July 25, 2025.

Issued, Cancelled, Commitment to Issue

During the year ended December 31, 2022:

On March 4, 2022, the Company repurchased and cancelled 500,000 common shares and 250,000 warrants, which were previously issued in connection with a unit private placement completed on February 18, 2020 for consideration of $150,000 pursuant to a unit purchase agreement.

9 Share capital *(continued)*

Issued, Cancelled, Commitment to Issue *(continued)*

On July 21, 2022, 9,175,700 special warrants issued during the year ended December 31, 2021 automatically converted in accordance with the underlying terms (detailed below), and as a result the Company issued 11,093,154 units with each unit comprised of one common share and one-half of one warrant. A total of 5,546,577 warrants were issued with each warrant exercisable into one common share at an exercise price of $0.75 per common share and expiry of July 25, 2024.

On November 16, 2022, the Company repurchased and cancelled 971,180 common shares with a fair value of $388,472 in exchange for the settlement of a loan receivable due from the Company's CEO, Avneesh Dhaliwal (Note 12). The loan receivable had a carrying value of $417,464, including a principal balance of $388,472 and accrued interest balance of $28,992. The Company recorded a loss on settlement of $28,992.

During the year ended December 31, 2021:

On August 25, 2021, the Company cancelled and returned to treasury 10,000,000 common shares for consideration of $nil.

The Company closed a private placement of special warrants on September 8, 2021 (the "Closing Date") and issued 6,645,700 special warrants for aggregate gross proceeds of $3,322,850. Each special warrant entitled the holder to acquire, without further payment, one unit. Each unit is comprised of one common share and one-half of one warrant. Each warrant is exercisable into one common share at an exercise price of $0.75 per share for 24 months from the date the common shares of the Company became listed on the Aequitas NEO Exchange Inc, the Canadian Securities Exchange, or such other equivalent exchange (the "Listing Date"). Each special warrant automatically converted on July 21, 2022 (the "Qualification Date") being the date that was the earlier of: (a) the third business day after the date on which a receipt for a final prospectus qualifying the distribution of the units underlying the special warrants is issued by the securities regulators in the qualifying jurisdictions (the "Final Receipt"); and (b) twelve (12) months and one day following the Closing Date.

As the Company did not receive the Final Receipt within 120 days following the Closing Date, each unexercised special warrant entitled the holder thereof to receive upon the exercise thereof, at no additional consideration, one-and-one-tenth (1.10) units (instead of one unit) and thereafter at the end of each additional thirty (30) day period prior to the Qualification Date an additional one-fiftieth (0.02) of a unit (the "Penalty Provision"). Each special warrant was automatically converted for 1.22 units.

The Company paid commissions and fees totaling $363,460 and issued 531,656 agent compensation options ("ACOs") to the agent of the special warrant private placement. The ACOs were subject to the Penalty Provision, and as a result each ACO is exercisable into 1.22 units (each whole unit an "ACO Unit") at a price of $0.50 per ACO Unit for a period of 24 months from the Closing Date. Each ACO Unit will consist of one common share (an "ACO Share") and one-half of one warrant (each whole warrant an "ACO Warrant"), with each such ACO Warrant exercisable to acquire one common share (an "ACO Warrant Share") at an exercise price of $0.75 per ACO Warrant until July 25, 2024.

The fair value of the agent compensation options was determined to be $138,869 using the Black Scholes option pricing model with the following assumptions – share price on grant date of $0.50; risk-free interest rate of 0.39%; dividend yield of 0%; expected volatility of 100%; expected life of 2 years and forfeiture rate of 0%.

(Expressed in Canadian Dollars)

9 Share capital *(continued)*

Issued, Cancelled, Commitment to Issue *(continued)*

In connection with the private placement of special warrants which closed on September 8, 2021, the agent exercised its over-allotment option; and as a result the Company issued an additional 2,530,000 special warrants for aggregate gross proceeds of $1,265,000 on November 9, 2021 (the "Second Tranche Closing Date"). Each special warrant entitled the holder to acquire, without further payment, one unit. Each unit is comprised of one common share and one-half of one warrant. Each warrant is exercisable into one common share at an exercise price of $0.75 per share for 24 months from the Listing Date. Each special warrant automatically converted on the Qualification Date.

As the Company did not receive the Final Receipt within 120 days following the Second Tranche Closing Date, each unexercised special warrant entitled the holder thereof to receive upon the exercise thereof, at no additional consideration, one-and-one-tenth (1.10) units (instead of one unit) and thereafter at the end of each additional thirty (30) day period prior to the Qualification Date an additional one-fiftieth (0.02) of a unit. Each special warrant was automatically converted for 1.18 units.

The Company paid commissions and fees of $122,227 and issued 202,400 agent compensation options to the agent of the special warrant private placement. The ACOs were subject to the Penalty Provision, and as a result each ACO is exercisable into 1.18 ACO Units at a price of $0.50 per ACO Unit for a period of 24 months from the Second Tranche Closing Date. Each ACO Unit will consist of one ACO Share and one-half of one warrant, each such ACO Warrant will be exercisable to acquire one ACO Warrant Share at an exercise price of $0.75 per ACO Warrant Share until July 25, 2024.

The fair value of the agent compensation options was determined to be $53,110 using the Black Scholes option pricing model with the following assumptions – share price on grant date of $0.50; risk-free interest rate of 0.92%; dividend yield of 0%; expected volatility of 100%; expected life of 2 years and forfeiture rate of 0%.

As at December 31, 2021, the balance of commitment to issue shares of $3,910,184 was comprised of gross proceeds from the issuance of special warrants of $4,587,850, less share issue costs paid of $485,687 and the fair value of agent compensation options issued of $191,979. During the year ended December 31, 2022, the balance of commitment to issue shares was reclassified to share capital upon the conversion of special warrants to units.

Warrants

	Number of Warrants		Weighted Average Exercise Price
Outstanding, December 31, 2020	**3,644,462**	**$**	**0.50**
Issued – Agents' compensation option	734,056		0.50
Outstanding, December 31, 2021	**4,378,518**		**0.50**
Issued – Conversion of special warrants	5,546,577		0.75
Cancelled	(250,000)		0.50
Outstanding, December 31, 2022	**9,675,095**	**$**	**0.64**

(Expressed in Canadian Dollars)

9 Share capital *(continued)*

Warrants *(continued)*

As at December 31, 2022, the following warrants were outstanding:

Outstanding	Exercise Price	Expiry Date	Remaining Life (Years)
531,656[(1)]	$0.50	September 8, 2023	0.69
202,400[(2)]	$0.50	November 9, 2023	0.86
4,053,877	$0.75	July 25, 2024	1.57
1,492,700	$0.75	July 25, 2024	1.57
3,394,462	$0.50	July 25, 2024	1.57
9,675,095			

(1) Exercisable into 1.22 ACO Units with each whole ACO Unit consisting of one ACO Share and one-half of one warrant, each such ACO Warrant will be exercisable to acquire one ACO Warrant Share at an exercise price of $0.75 per ACO Warrant Share until July 25, 2024.

(2) Exercisable into 1.18 ACO Units with each whole ACO Unit consisting of one ACO Share and one-half of one warrant, each such ACO Warrant will be exercisable to acquire one ACO Warrant Share at an exercise price of $0.75 per ACO Warrant Share until July 25, 2024.

10 Revenue

The Company generates revenue from the sale of skincare products directly to consumers and to luxury department stores, and on a wholesale basis to distributors and spas.

The Company's revenue disaggregated by primary geographical markets is as follows:

Year ended December 31, 2022	Direct Consumers	Distributors	Retailers	Other	Total
United States	$ 85,032	$ -	$ 44,787	$ 8,408	$ **138,227**
European Union	-	62,544	-	-	**62,544**
Other	2,872	-	-	-	**2,872**
	$ 87,904	**$ 62,544**	**$ 44,787**	**$ 8,408**	**$ 203,643**

Year ended December 31, 2021	Direct Consumers	Distributors	Retailers	Other	Total
United States	$ 122,014	$ -	$ 24,337	$ -	$ **146,351**

(Expressed in Canadian Dollars)

10 Revenue *(continued)*

For the years ended December 31, 2022 and 2021, the following revenue was recorded from customers that comprise 10% or more of revenue:

	Years ended December 31,			
		2022		**2021**
Customer A	**$**	**20,149**	**$**	-
Customer B	**$**	**24,451**	**$**	23,792
Customer C	**$**	**62,545**	**$**	-

11 General and administrative expenses

		Year ended December 31, 2022		**Year ended December 31, 2021**
Bank charges	**$**	**23,448**	$	12,956
Dues and subscriptions		**19,153**		5,642
Insurance		**54,704**		8,913
Rent		**46,098**		12,563
Regulatory and filing fees		**49,858**		-
Travel and meals		**-**		3,045
Office expenses		**10,086**		27,032
	$	**203,347**	$	70,151

(Expressed in Canadian Dollars)

12 Related party transactions and balances

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	Years ended December 31, 2022	2021
Consulting fees:		
Harmony Corporate Services Ltd; a company controlled by Geoff Balderson, Former Corporate Secretary, President and CEO	**$ -**	$ 10,000
Spiral Investment Corp; a company controlled by Gurcharn Deol, Interim Chief Financial Officer and Director	**18,000**	-
9317-3516 Quebec Inc; a company controlled by Meissam Hagh Panah, Director	**1,500**	-
Salaries and benefits:		
Kate-Lynn Genzel, Former Chief Financial Officer and Director	**31,200**	-
	$ 50,700	**$** 10,000

Loan receivable

On January 4, 2021, the Company entered into a loan agreement for a principal balance of $388,472 payable by the Company's CEO, Avneesh Dhaliwal (the "CEO Loan Agreement"). The loan was provided to Ms. Dhaliwal for the purpose of purchasing common shares of the Company from former shareholders. The principal balance accrued interest at a rate of 4% per annum. The principal balance and all accrued interest thereon were due within 30 business days of the Company providing written notice of demand to Ms. Dhaliwal. The loan was repayable to the Company at any time without further bonus or penalty.

On November 16, 2022, the Company and Ms. Dhaliwal entered into a share purchase agreement pursuant to which Ms. Dhaliwal returned 971,180 common shares of the Company with a fair value of $388,472 in exchange for the settlement of the principal balance and accrued interest of the CEO Loan Agreement. 971,180 common shares of the Company were subsequently cancelled and returned to treasury (Note 9). The loan receivable had a carrying value of $417,464, including a principal balance of $388,472 and accrued interest balance of $28,992. The Company recorded a loss on settlement of $28,992 during the year ended December 31, 2022.

During the year ended December 31, 2022, the Company accrued interest income with respect to the loan receivable of $13,623 (December 31, 2021 - $15,369).

(Expressed in Canadian Dollars)

12 Related party transactions and balances *(continued)*

Accounts payable and accrued liabilities

As at December 31, 2022, accounts payable and accrued liabilities includes $18,900 (December 31, 2021 - $nil) related to consulting fees due to Spiral Investment Corp., a company controlled by Gurcharn Deol, Interim Chief Financial Officer and Director. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As at December 31, 2022, accounts payable and accrued liabilities includes $602 (December 31, 2021 - $nil) related to consulting fees due to 9317-3516 Quebec Inc., a company controlled by Meissam Hagh Panah, Director. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As at December 31, 2022, accounts payable and accrued liabilities includes $67 (December 31, 2021 - $nil) related to general and administration expenses due to Avneesh Dhaliwal, Director, Corporate Secretary and CEO. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As at December 31, 2022, accounts payable and accrued liabilities includes $nil (December 31, 2021 - $9,000) related to consulting fees due to Harmony Corporate Services Ltd., a company controlled by Geoff Balderson, Former Corporate Secretary, President and CEO. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

13 Income taxes

A reconciliation of income taxes at statutory rates is as follows:

		Year ended December 31, 2022		**Year ended December 31, 2021**
Loss before income taxes	**$**	**(1,317,407)**	$	**(3,661,918)**
Statutory income tax rates		**27%**		**27%**
Expected tax recovery	**$**	**(356,000)**	$	**(989,000)**
True-up of prior year differences		**134,000**		**-**
Effects of tax rate change		**-**		**3,000**
Difference in tax rates in other jurisdictions		**(4,000)**		**(38,000)**
Tax benefits not recognized		**226,000**		**1,024,000**
Total current and deferred income tax recovery	**$**	**-**	$	**-**

(Expressed in Canadian Dollars)

13 Income taxes *(continued)*

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

		December 31, 2022		December 31, 2021
Deferred income tax asset (liability)				
Non-capital loss carry-forwards and other	**$**	**1,657,000**	$	**1,233,000**
Share issuance costs		**112,000**		**105,000**
		1,769,000		**1,338,000**
Unrecognized deferred tax assets		**(1,769,000)**		**(1,338,000)**
Deferred income tax asset, net	**$**	**-**	**$**	**-**

As at December 31, 2022, the Company had non-capital losses of approximately $1,678,000 and US$3,192,000 which may be carried forward to reduce Canadian taxable income and US taxable income, respectively, in future years. The non-capital loss starts to expire in 2040.

14 Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. In order to fund future product developments and pay for general administrative costs, the Company will raise additional amounts as needed.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto. There was no change to the Company's approach to capital management during the year ended December 31, 2022.

15 Risk management and liquidity

The Company's risk exposures and the impact on the Company's consolidated financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and amounts receivable. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash with high credit quality financial institutions. The Company's amounts receivable consist of input tax credits due from the Government of Canada and sales orders due from reputable luxury department stores and third party credit card processing services; and as such, amounts receivable are not subject to significant credit risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant. The Company does not rely on interest income to fund its operations and does not have any interest bearing debt.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next 12 months. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash balances that are denominated in a foreign currency. As at December 31, 2022, the Company held cash denominated in US dollars of US$10,709 (December 31, 2021 – US$3,028) which expose the Company to minimal foreign currency exchange rate risk. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk as the Company consider this risk to be immaterial.

16 Subsequent events

On February 24, 2023, the Company closed a non-brokered private placement and issued 2,000,000 units of the Company for gross proceeds of $500,000. Each unit is comprised of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.35 per common share and expires on February 24, 2024. The Company paid finder's fees of $28,000 and issued 112,000 finder's warrants in connection with closing the non-brokered private placement. Each finder's warrant is exercisable into one common share of the Company at an exercise price of $0.35 per common share and expires on February 24, 2024.